

**Subject:** [EXTERNAL] SAN FRANCISCO REGIONAL CENTER OWNER CHARGED IN \$110 MILLION FRAUD SCHEME

**Date:** Tuesday, August 20, 2019 at 1:33:34 PM Pacific Daylight Time

**From:** USDOJ-Office of Public Affairs

**To:** Farivar, Cyrus (NBCUniversal)

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## **The United States Department of Justice**

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TUESDAY, AUGUST 20, 2019

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### **SAN FRANCISCO REGIONAL CENTER OWNER CHARGED IN \$110 MILLION FRAUD SCHEME**

#### ***Defendants Allegedly Exploited a United States Investment Program Thwarting the Creation of More than 2,000 Jobs in the Area***

OAKLAND - A federal grand jury in Oakland indicted Thomas Henderson, Kexing Hu (a/k/a Peter Hu), and Cooper Lee on charges of conspiracy and wire fraud for their respective roles in a scheme to defraud investors in a jobs creation program administered by the United States Citizenship and Immigration Service (USCIS), announced United States Attorney David L. Anderson; U.S. Department of State's Diplomatic Security Service (DSS) Special Agent in Charge Matthew Perlman; U.S. Homeland Security Investigations (HSI) San Francisco Special Agent in Charge Tatum King; and Federal Bureau of Investigation Special Agent in Charge John F. Bennett.

The multi-count indictment, unsealed today, alleges that Henderson, 70, of Oakland; Hu, 40, of Ningbo, China; and Lee, 42, formerly of Oakland, conspired to misappropriate investor funds, to lie to foreign investors about the use of their funds, and to make false statements to USCIS in connection with the Employment-Based Immigration, Fifth Preference Category Program, referred to as the EB-5 visa program. The indictment also alleges that Henderson fraudulently abused the EB-5 visa program and jeopardized the creation of over 2,000 jobs in Oakland and surrounding areas.

According to the indictment, Henderson was the founder and owner of the San Francisco Regional Center, LLC (SFRC), which he used to solicit investments from foreign investors through the EB-5 visa program. From 2011 to 2017, Henderson and Hu raised more than \$110 million from more than 200 foreign investors, with each of the investors believing they were

paying capital to fund one of seven EB-5 businesses sponsored by SFRC. Henderson, assisted by Hu and Lee, allegedly improperly diverted funds raised for one business and used them for other purposes. The indictment also alleges that Henderson diverted more than \$17 million of \$21 million raised for one of the projects and spent it in part on earlier money-losing projects. Henderson also allegedly made false statements and submitted false documents to the USCIS, falsely stating investor funds would be used for the start-up and operation of the EB-5 projects described in business plans.

"The Diplomatic Security Service is committed to protecting the integrity of all U.S. visas," said Special Agent in Charge Matthew Perlman of the DSS San Francisco Field Office. "Together, with our law enforcement and prosecutorial partners, DSS was able to stop prominent local businessmen from further exploiting the U.S. visa process, and bilking foreign investors for illegal profit."

"The FBI is committed to assisting our local partners in protecting the integrity of our visa processes," said FBI San Francisco Special Agent in Charge John F. Bennett. "Businesses seeking to exploit these processes should know that we are vigilant and that we will work to bring them to justice."

"This case serves as a clear warning to all criminals who seek to profit off of the United States' legal immigration system. We will locate, arrest, and aid in their prosecution in order to recoup any and all illicit gains," said Tatum King, Special Agent in Charge, Homeland Security Investigations for San Francisco and Northern California. "Besides posing a significant threat to national security and public safety, immigration benefit fraud and related schemes seriously rob immigrants who are deserving of these benefits while deterring investors who genuinely want to assist them."

USCIS administers the EB-5 program. Under the program, foreign nationals may obtain permanent United States residency, commonly known as a Green Card, by investing in qualifying American businesses and creating jobs for U.S. citizens and residents. To receive a two-year grant of conditional permanent residency status, foreign investors must meet certain requirements for an entry visa, comply with program requirements and make an investment of a minimum of \$1 million, or \$500,000 if the investment is made in certain areas of high unemployment. After two years, the foreign investor can petition for permanent residency. The granting of permanent legal residency for the foreign investor and immediate family is dependent, in part, on the creation of at least 10 jobs for United States citizens and residents through the business funded by the investment.

In this case, Henderson and Hu are charged with 12 counts of wire fraud, in violation of 18 U.S.C. § 1343, and Lee is charged with six counts of wire fraud. Henderson, Hu, and Lee are charged with conspiracy to commit wire fraud, in violation of 18 U.S.C. § 1349, and conspiracy to commit offenses against the United States, in violation of 18 U.S.C. § 371. Henderson is also charged with one count of making a false statement to a government agency, in violation of 18 U.S.C. § 1001(a)(2), and one count of false writings to a government agency, in violation of 18 U.S.C. § 1001(a)(3).

Henderson and Lee were arrested this morning. Henderson was arrested in Oakland, Calif., and made his initial appearance before U.S. Magistrate Judge Donna Ryu. He is scheduled to appear October 1, 2019, before the Honorable Jeffrey S. White, U.S. District Judge for a status conference. Lee was arrested in Laguna Beach, Calif. The date he will appear on the charges in the Northern District of California has not yet been set. Hu has not been arrested.

An indictment merely alleges that crimes have been committed, and all defendants, including Henderson, Hu, and Lee, are presumed innocent until proven guilty beyond a reasonable doubt. If convicted, the defendants face a maximum penalty of 20 years in prison and a \$250,000 fine (or twice the gross gain or loss) for each wire fraud count and the conspiracy to commit wire fraud count. The defendants face a maximum of five years in prison for each conspiracy to commit offenses against the United States count and false statements or writings count. Further, additional fines, forfeitures, and restitution may be ordered; however, any sentence following conviction would be imposed by the court only after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

Assistant United States Attorney Lloyd Farnham is prosecuting the case with the assistance of Sarah Lamparelli and Patricia Mahoney. The prosecution is the result of an investigation led by the U.S. Department of State Diplomatic Security Service's representative to the Document and Benefit Fraud Task Force (DBFTF), overseen by the HSI, with the participation of the Federal Bureau of Investigation. The DBFTF is a multi-agency task force that coordinates investigations into fraudulent immigration documents. U.S. Citizenship and Immigration Service's Office of Fraud Detection and National Security also assisted with the investigation. Additional assistance was provided by the San Francisco Regional Office of the Securities and Exchange Commission.

#### **Further Information:**

Case #: 19-376 JSW

A copy of this press release will be placed on the U.S. Attorney's Office's website at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

All press inquiries to the U.S. Attorney's Office should be directed to Abraham Simmons at (415) 436-7264 or by e-mail at [Abraham.Simmons@usdoj.gov](mailto:Abraham.Simmons@usdoj.gov).

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